I. The meeting was called to order at 11:00AM by President Pepper Putnam. Also in attendance were Albert Friess, Secretary; Jim Larison, Commissioner; Mike Langley, General Manager.

II. Previous minutes and financial reports were not discussed.

III. The entire discussion was focused on the 2012 budget, the state mandated improvements and those needed for health and safety reasons totaling $176,500 and other maintenance, repair and upgrades that are necessary next fiscal year.

The proposed budget for 2012 with the expenditures above and other estimated cost increases would result in a deficit of approximately $80,000. Without a rate increase of about $8.00 per month per residence, the deficit would have to be made up by drawing from reserves.

Commissioner Larison felt that using reserves would be a poor decision. Commissioner Putnam said that rates had increased every year since 2006, a combined (water and sewer) total of 62%. He feels that these rate increases go on forever and we need to find another way.

As a compromise, Commissioner Larison recommended a one time assessment totaling the amount of the final budget deficit. This was estimated at about $98.00 per year per residential connection or approximately $8.17 per month. This solution was agreed on by all three commissioners. This solution will preserve our reserves and not involve a permanent rate increase

IV. A brief discussion of the cost of providing irrigation water for common areas to the condo and PUD home owner associations at no extra cost was discussed. It was decided to present the question to the SWD Citizens Advisory Council first and then convene a meeting of association officers for discussion. Al Friess will set up the CAC meeting

The meeting was adjourned at 12:40 PM.

Respectfully submitted

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Pepper Putnam, President